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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 008401

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TAGS: [EFIN](#) [KTFN](#) [KCRM](#) [KFRD](#) [JO](#) [IZ](#)

SUBJECT: JORDAN'S CENTRAL BANK CONCERNED ABOUT POSSIBLE IRAQI MONEY LAUNDERING/TAX EVASION

REF: 10/05/04 JBROUGHNER EMAIL

Classified By: CHARGE D'AFFAIRES, A.I., DAVID HALE, REASON: 1.4 (B & D)

**¶1.** (C) SUMMARY: The Jordanian Central Bank and several Jordanian and foreign banks here have reported over recent weeks attempted cash deposits of large dollar amounts by individuals who claim to be operating on behalf of Iraqi government entities or contractors operating in Iraq. The CBJ Deputy Governor asked Embassy Amman to investigate whether there was official sanction in Baghdad for such flows of funds. He was concerned about the potential for illegal activity. He and several bankers reported that no such deposits had been allowed. We have encouraged Jordanian officials to be in direct contact with Iraqi authorities, while keeping us informed on these potential fraud/money laundering cases. END SUMMARY.

**¶2.** (C) During the visit of a Treasury delegation in mid-September, officials from the Jordanian branch of the Lebanese Bank Audi requested a meeting with the delegation. The bank's manager said the bank had seen a number of individuals attempting to deposit large sums of cash in the bank, mainly dollars in large denominations. Some of the individuals claimed they are dealing with the USG in Iraq. Both the magnitude and frequency of the attempted deposits varied. The manager said the bank refused to accept the deposits, in accordance with the Central Bank of Jordan's Know-Your-Client (KYC) guidelines.

**¶3.** (C) The manager added that he had received a request to consider a Letter of Credit for \$60 million to pay for imports of lentils and milk to Iraq. He was confident about this proposal because it included documentation issued by the Iraqi Ministry of Trade and that the Central Bank of Iraq had agreed to the proposal. As confirmed by ref e-mail, a proposal was being considered by the CBI and the Iraqi Ministry of Trade involving \$60 million for urgently needed foodstuffs. Although a shipment of cash was considered as one of the possible payment options, the transaction never occurred. On September 29, the CBI confirmed to Embassy Baghdad that cash shipments are not currently planned (ref). On October 6 in Amman, visiting Iraqi Deputy Minister of Trade Dr. Rashan Fakhri told Ambassador Robin Raphael (visiting from NEA/IR) and emboff that his ministry had authorized no cash transfers since April of this year.

**¶4.** (C) In late September, Deputy CBJ Governor Mohammad Shahin called ECOUNS to ask for guidance in these cases. He said he was regularly receiving inquiries from banks asking how to handle these attempted cash deposits. He said those attempting the deposits were Iraqis who claimed to be involved with contracts with either the CPA (sic) or the Iraqi government. He, too, was very suspicious of the activity and had been telling the banks to continue to apply KYC provisions and to accept no cash in large sums without clear documentation.

**¶5.** (C) In one case, Embassy discovered that the CEO of Jordan National Bank (JNB) reported that his bank was approached within the past ten days by a representative of an Iraqi trading company (the Al-Sayeb Company) based in Baghdad. The would-be depositor submitted two six-month old letters (shown to emboffs by the banker) on what purported to be official U.S. Army stationery, vouching for the company and stating that it specialized in constructions, water treatment, food products, and serves as an agent for several consumer electronic companies. The letter's masthead read "Alpha Company, Second Battalion, 32nd Armored Battalion."

**¶6.** (C) The would-be depositor asked to set up an account with \$3 million in cash and provided a September 2004 letter to the Deputy Director of the CBI signed by the Deputy Minister of Defense Brusha Shways, stating that his company does business with the IIG, and is authorized to take large sums of cash out of the country and deposit it overseas. JNB's CEO said that he refused to accept the deposit because it did not meet the bank's KYC requirements. The CEO was evasive on whether he would have accepted the deposit had he known the depositor.

**¶7.** (C) In a subsequent meeting, the Executive Manager of Jordan's Housing Bank related a similar story: at the beginning of September, a Housing Bank branch manager was

approached by an individual claiming to be a contractor to the Iraqi Ministry of Defense. The individual wished to open an account at the branch, deposit \$3.5 million in cash in the account and remit the money out of that account to a bank in Eastern Europe. The branch manager called the Housing Bank front office for advice and was told not to open the account.

18. (C) ECOUNS subsequently contacted CBJ Deputy Governor Shahin to pass him the information provided by Embassy Baghdad on the proposed, but not executed, foodstuffs arrangement. ECOUNS told Shahin that the CBI had confirmed that no cash shipments were planned at this point and that the CBJ would receive official notification should such an arrangement ever become necessary. He urged Shahin to coordinate closely with the CBI on these cases, and to pass to the Embassy any future cases as well. Shahin agreed that he would instruct Jordanian banks that when they receive a potential client wishing to deposit large funds related to Iraq that they must first present detailed information, including a signed contract specifying the means of payment and coordinate with the CBJ before taking action.

19. (C) COMMENT: The CBJ and Jordanian banking officials seem to be taking all the right steps with respect to the attempted cash deposits we have heard about. As far as we are aware, Jordanian banks are applying the CBJ's Know-Your-Client guidelines, with the strong support of the CBJ itself. CBJ Deputy Governor Shahin is clearly concerned about these cases and would prefer that any fund transfers from Iraq sanctioned by the Iraqi government take place through normal wire transfers, if at all possible. Although the CBJ would be willing to consider a cash transfer on an emergency, one-off basis, it would require clear sanction and documentation from the IIG to fit in the CBJ's comfort zone. Since we have been pressing Jordan hard on bank secrecy and information-sharing on combating terrorist financing, it would be best to keep such cases to a minimum.

10. (C) COMMENT (cont.): In addition, the CBJ Deputy Governor's request to the Embassy illustrates that communication between the CBJ and the CBI needs to be improved. We will continue to urge the CBJ to enhance its direct links with the CBI, while continuing to keep the USG briefed. There may be merit in developing programs organized by the Treasury Department or the Federal Reserve Bank to promote greater communication and cooperation between Iraqi financial authorities and those of Jordan and of other neighboring countries.

11. (U) Baghdad minimize considered.  
HALE